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*Minneapolis Regional Chamber:
City of Minneapolis Balance of Payments*
February 18, 2021

Executive summary

- The balance of payments for a city, county or region is the total in state funded aids it receives less the total in taxes it pays out to the state. Hence, a negative balance of payments indicates greater payment to the state in taxes than is received back in state funded aids.
- This balance of payments concerns only what individuals and businesses pay in state taxes and what they receive in state funded aids, therefore federal funds that pass through the state or counties (e.g., SNAP and the federal portion of Medicaid) are not included
- Just as state taxes are paid by the individuals and business, state aids are received by individuals and businesses either directly from the state or via services or distribution from local governments
- In 2017, the residents and businesses of the City of Minneapolis had a balance of payments of -\$1.43 billion, having paid out \$1.97 billion in taxes while receiving \$.54 billion in aids
- 91% of the \$1.97 billion in taxes were from Income (51%), Sales and Use (31%) and Corporate (9%)
- 91% of the \$.54 billion in aids were for Education (76%) and LGA (15%)
- This negative balance of payments for Minneapolis is mirrored by negative balances of payments in 2016 for the Seven-County Metro (-\$3.46 billion) and Hennepin County (-\$2.45 billion)
- These negative balances of payments for the Seven-County Metro and Hennepin County have occurred consistently every year since at least 2004, while Greater MN consistently shows a positive balance of payments over the same period

Minneapolis current balance of payments

In 2017 the balance of payments for Minneapolis was -\$1,435M

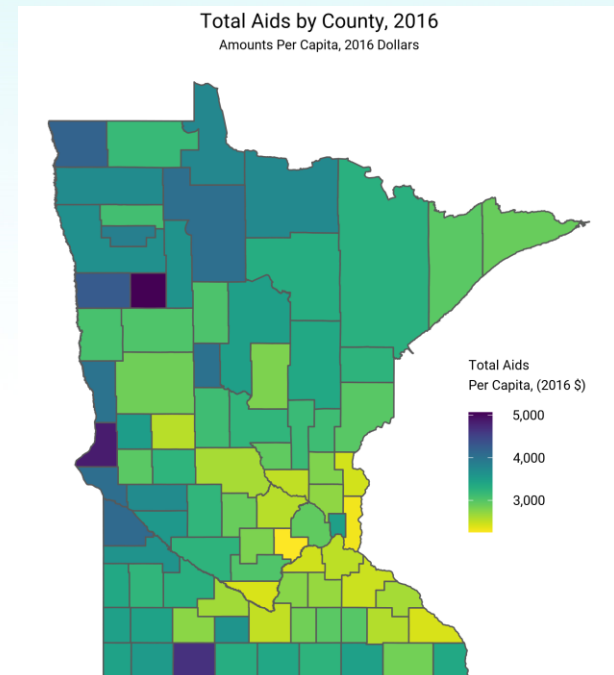
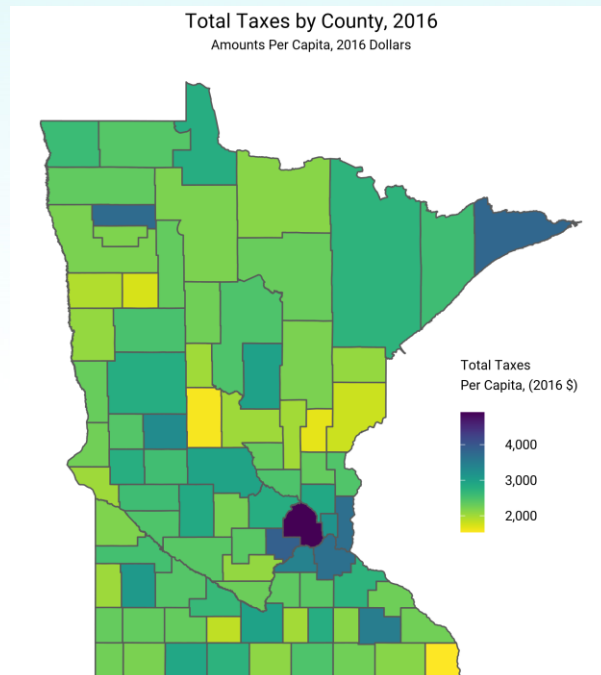
- 91% of the \$1,972M in taxes were from Income, Sales and Use and Corporate
- 91% of the \$536M in aids were from Education and LGA



Source: MN House Research, Major State Aids and Taxes: A Comparative Analysis 2016 Update, City of Minneapolis – Finance & Property Services

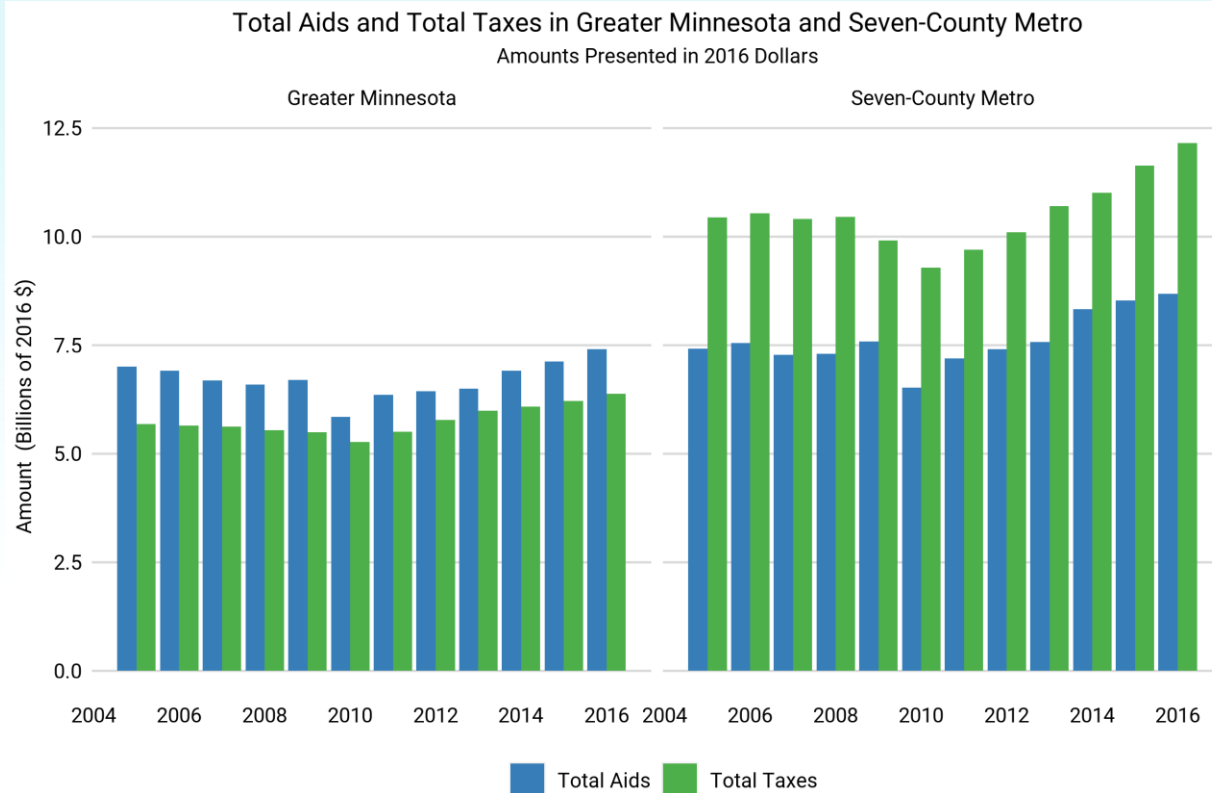
Metro and Greater MN: Comparison of aids and taxes, per capita 2016

The negative balance of payments for Minneapolis is part of a larger pattern for Metro vs Greater MN



Source: MN House Research, Major State Aids and Taxes: A Comparative Analysis 2016 Update, City of Minneapolis – Finance & Property Services

Metro and Greater MN: Comparison of aids and taxes, totals 2004-2016



Source: Minnesota House of Representatives Research Department.
Major State Aids, Credits and Taxes Data.
<http://www.house.leg.state.mn.us/hrd/>

While the total aids in the Seven-County Metro area are somewhat larger than in Greater MN, they are overshadowed by the significantly greater taxes paid by the Metro

Source: MN House Research, Major State Aids and Taxes: A Comparative Analysis 2016 Update